



**CHINA HAIDA LTD.**

(Incorporated in Singapore on 18 August 2004)

Company Registration No. 200410428C

24 Raffles Place #20-03 Clifford Centre Singapore 048621

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**NOTIFICATION OF COMPLIANCE: APPOINTMENT OF SPECIAL AUDITORS**

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1. The Board of Directors (the “**Board**”) of China Haida Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has received a Notice of Compliance (“**Notice**”) from the Singapore Exchange Regulation (“**SGX RegCo**”) today in relation the Company’s announcements dated 3 April 2020, 8 April 2020, 9 April 2020, 22 April 2020, 20 May 2020, 20 July 2020, 4 November 2020, 21 January 2021, 26 February 2021, 31 March 2021 and 14 June 2021.
2. The Notice has directed, *inter alia*, that the Company to appoint a suitable independent Special Auditor, acceptable to the Exchange, **by 12 July 2021**. The terms of reference of the Special Audit must be cleared with SGX RegCo and the scope of Special Audit shall cover the following:
  - a. To investigate the circumstances surrounding the litigations and enforcement proceedings and the background of the lending and borrowing affairs by Mr Xu Youcai and his controlled entities which led to the court ordering the freezing of the Company’s bank accounts;
  - b. Circumstances surrounding the payments to/on behalf of related parties involving Mr Xu Youcai and his associates and to review the circumstances and recoverability of trade receivables due from related parties involving Mr Xu Youcai and his associates and the circumstances surrounding the litigations and enforcement proceedings against them;
  - c. The veracity of the Group’s gross balance due from trade receivables of RMB86,535,000 as at 31 December 2020;
  - d. Existence and completeness of bank balances, inventories and trade and other payables and impairment charge of RMB9,560,000 made in relation to other receivables and deposits;
  - e. The state of affairs of Jiangyin Litai’s operation status in PRC and the extent of its operations; and
  - f. To review the adequacy and effectiveness of the Group’s internal controls in safeguarding the Group’s assets as well as addressing the material risks in the Group.
3. Please refer to the Notice released by SGX Regco via SGXNet for further details.
4. The Board notes and acknowledges the contents set out in the Notice. The Board will take active steps to address the concerns of SGX Regco as well as to comply with the requirements set out in the Notice.
5. The Company will notify shareholders if there are any material developments on this matter.

**BY ORDER OF THE BOARD**

28 June 2021